LITERATURE REVIEW

Introduction

This section is aimed at presenting a summary of consulted secondary literature elaborating on the relationship between organization culture and performance. Following paragraphs would orient the reader to the concept of organization culture and its characteristics. This would be followed by expanding on theoretical perspectives which connect different aspects of culture with organizational performance. Finally, the manner in which various elements of culture can be deployed so as to foster performance improvement in organizations will be discussed.

Organization Culture

Organization culture is often defined as a system of shared beliefs, values and attitudes that tend to govern the manner in which individuals behave in organizations (Sukma et al, 2016). Shared values strongly influence individuals and outline important aspects of behaviour such as actions, dress and the manner in which jobs might be performed (Awadh & Alyahya, 2013). Every single organization hosts a culture that is unique to the professional entity. This unique culture differentiates one organization from the other and is often considered as the cornerstone of success for an organization (Dubey et al, 2017).

Characteristics of Culture

In accordance with literature findings, culture hosted by an organization encompasses seven different elements. First, innovation or risk orientation has been recognized as an important characteristic of organization culture (Bedarkar et al, 2016). Organizations which facilitate cultures that place a high value on the aspect of innovation often tend to encourage their employees to take risks and bring in changes which would result in improving employee as well as organizational performance (Liden et al, 2014). On the other hand, organizations which do not value the aspect of innovation often require that their employees carry on working in a traditional manner and in line with instructions which have been issued to them (Sia, 2015).

Second, the aspect of attention to detail has been considered as an extremely important characteristic of culture of an organization. This characteristic is important in terms of the extent to which employees might be expected to pay attention to detail and demonstrate the same in their performance and work processes followed (Awadh & Alyahya, 2013). An organization which facilitates a culture which truly values accuracy and detail often has checks in place so as to verify if work commitments have been fulfilled by paying appropriate attention

to detail (Hogan & Coote, 2014). On the other hand, organizations for which the aspect of accuracy might not be very important do not tend to stress the importance of attention to detail (Schneider et al, 2013).

Third, achievement orientation is an important characteristic of organization culture. This characteristic might derive its value from outlining the manner in which systems, processes and policies in an organization might be formulated (Uddin et al, 2013). Organizations which only value the end outcome would not take efforts in streamlining their processes and policies. Employees working in such organizations often feel that their efforts are not being valued and they are being unnecessarily pushed (Martinez et al, 2015). This in turn hams their performance along with negatively impacting the performance of the organization. On the other hand, organizations which tend to value the manner in which outcomes are achieved value their employees, their efforts and train them for growing with the company (Ou et al, 2013).

Fairness orientation is another important cultural characteristic that has been recognized in literature. This characteristic obtains its importance from the manner in which individuals tend to behave with each other in an organization (Bedarkar et al, 2016). Organizations which host a culture where employees are important and are treated with respect and dignity tend to ensure that they are fair (Sukma et al, 2016). On the other hand, organizations which only value the end outcome of a decision might not be inclined towards fairness. Such organizations might in turn witness high attrition rate (Awadh & Alyahya, 2013). On the other hand, organizations which insist on being fair to their employees might not be bothered if results are only visible in the long run and not immediately (Idrees & Saif, 2015).

Teamwork is the fifth important characteristic of culture that has been highlighted in literature. This characteristic derives its value from the manner in which teams are formed and work processes are oriented (Liden et al, 2014). Organizations which tend to value collective effort taking and managing a multi-dimensional workforce value the aspect of teamwork (Schneider et al, 2013). On the other hand, organizations which are centred on individual contributions instead of focusing on collective efforts would on the other hand not value this characteristic (Ou et al, 2013).

Competitive orientation (or aggressiveness) of an organization is also considered important from the perspective of defining behaviour of employees. Sales and target oriented organizations often tend to host a culture that is aggressive in nature (Dubey et al, 2017). Such organizations often push employees to perform their best and achieve expected results. On the

other hand, organizations that are technology or innovation driven often tend to focus on processes and policies and facilitate a culture that is easy going in nature (Sia, 2015).

Finally, stability has been recognized as an important characteristic in literature. Organizations which tend to host cultures that place a high value on stability are often predictable in their behaviour, traditional in their work processes and rule oriented in nature (Awadh & Alyahya, 2013). Values of consistency and bureaucracy are highly valued in such cultures. On the other hand, organizations which place value on the aspect of adaptability often tend to offer flexibility in work processes (Hogan & Coote, 2014). Employees are allowed to function in their comfort zone and establish their own rules and regulations as long as they are able to achieve expected results (Uddin et al, 2013).

Theoretical Perspectives

Organization culture has been strongly linked to the manner in which an organization might perform. Three main hypotheses are commonly utilized in literature while trying to expand on the relationship between organizational performance and culture (Liden et al, 2014). First, the consistency hypothesis might be utilised while trying to explain the relationship between organizational culture and purpose (Sia, 2015). In accordance with this hypothesis, 'culture' of an organization tends to create a connected system that encompasses values, symbols and beliefs which might be commonly understood by all individuals in the organization. Literature further indicates that culture helps organizations in defining a proper response system (Schneider et al, 2013). This response system in turn might be used by management officials while trying to predict the manner in which employees would react to a given situation (Tomic et al, 2016). Finally, the hypothesis of consistency indicates that a prominent culture throughout an organization is helpful in enhancing decision making capabilities of management officials (Martinez et al, 2015). This might be attributed to the fact that a prominent culture makes it easier to deploy internal controls throughout the organization in an effective manner (Idrees & Saif, 2015). The hypothesis has been explored by a variety of authors in the past and has been effectively used to explain the relationship between organization culture and firm performance (Ou et al, 2013).

Another important hypothesis that has been popularly used so as to explore the relationship between culture of an organization and its performance is known as the adaptability hypothesis. In accordance with this hypothesis, an organization is bound to learn from its past experiences and learn from the same (Hogan & Coote, 2014). Based on past experiences that an

organization might have faced, it adapts and prepares its response accordingly (Uddin et al, 2013). Applying this hypothesis in terms of everyday experiences that might be faced by employees and management officials, it can be said that individuals tend to resort to past experiences and lessons learnt so as to react to new situations (Sukma et al, 2016). In circumstances where it might not be possible to respond based on past experiences, organizations tend to unlearn these experiences and create new ones. Thus, culture also tends to inculcate flexibility which is a necessary for survival in the long run (Sia, 2015). Additionally, the hypothesis also suggests that it is necessary for organizations to have the required capability to new situations as this skill is essential for intercepting environmental signals and interpreting them in context of organizational behaviour (Schneider et al, 2013).

A third major hypothesis which has been utilized so as to explain the impact of organization culture on performance of a firm consists of mission hypothesis (Awadh & Alyahya, 2013). This hypothesis suggests that the role played by culture is extremely crucial when it comes to ensuring that an overall sense of meaning and purpose is facilitated (Liden et al, 2014). Mission further plays a critical role in clearly outlining both short term as well as long term objectives that an organization needs to adhere to (Tomic et al, 2016). Additionally, managers and industry experts tend to look towards mission statement of an organization when it comes to outlining social roles and responsibilities that an organization might be required to address (Lee et al, 2016).

Performance Improvement

After highlighting various theoretical perspectives which tend to elaborate on the relationship between organization culture and performance, it is necessary to discuss literature findings on individual aspects of organizational culture which might result in performance improvement (Dubey et al, 2017). In accordance with literature findings, it is necessary to pay detailed attention to the manner in which policies and procedures might be formulated in an organization. Formulated policies and defined procedures tend to outline the manner in which an organization might operate (Hogan & Coote, 2014). Therefore, policies which are based on existing organizational values and build on the same are easily adapted by employees of the organisation. Owing to the fact that such policies face lower resistance, easy adaptation follows. This in turn results in enhanced performance and less waste of time (Martinez et al, 2015).

Next, literature also expands on the importance of regular employee training for improving organizational performance (Idrees & Saif, 2015). As culture is often recognized as the foundation stone of an organization and tends to deeply impact organizational performance, it is necessary to work on and improve the aspect of cultural sensitivity in all employees (Schneider et al, 2013). Human resource professionals working in various organizations pay detailed attention to cultural fit of an employee before he/ she is finally hired to become a part of a firm. However, owing to the fact that employees come from diverse backgrounds and host a differential system of beliefs, it is necessary to improve the level of cultural sensitivity with the help of regularly conducted training sessions (Sia, 2015). By aligning personal beliefs and value systems of employees with value systems of the organization, cultural sensitivity can be improved to a great extent. Training centred on enhancing cultural awareness and sensitivity among employees might also help employees realize decision making patterns thereby helping them in functioning accordingly (Uddin et al, 2013). Trained employees might also be less likely to look for a change as they might begin to personally endorse their organization's values and beliefs (Ou et al, 2013). Such employees would be less resistant to change or new policy measures introduced by the management thereby improving overall productivity and performance of the organization (Lee et al, 2016).

Following on from the previous point, the importance of recruitment and selection processes followed in an organization has been outlined for improving overall performance (Liden et al, 2014). Once candidates fit for a job profile are evaluated in terms of their technical capabilities, they are evaluated in terms of their cultural or organizational fit (Andersen & Moynihan, 2016). This might be done with the help of structured aptitude tests or by personally speaking with each and every candidate while trying to get an idea of the value system hosted by that candidate (Dubey et al, 2017). In circumstances where inherent value systems of considered individuals might be extremely different from those of the organization and human resource professionals feel that they would not be able to mould the candidate, candidature of the individual might be rejected (Bedarkar et al, 2016). Considering an example, a young employee might be used to flexible working arrangements in his previous employments. Such an employee might not be a good fit for organizations which tend to operate in a traditional manner (Hogan & Coote, 2014) Therefore, hiring such an employee would create problems for both the management and the employee and would negatively impact performance of the organization thereby making it necessary to carefully streamline selection and recruitment processes (Tomic et al, 2016).

In context of improving overall performance of the organization, the importance of communication strategies followed within an organization has also been outlined. Communication strategies followed in an organization tend to be closely aligned with its culture (Büschgens et al, 2013). This might be attributed to the fact that culture defines the kind of language, tone and symbols which might be used for communicating within an organization (Lee et al, 2016). Further, culture also tends to define the manner in which communication flows within an organization. This makes it necessary to work on communication strategies that are being followed and ensure that they are effective (Gimernez-Espin et al, 2013). When communication is effective, clear expectations can be established in terms of employee performance and its outcome (Martinez et al, 2015). Further, effective communication might also help organizations in building strong relationships and in generating ideas that are innovative in nature (Idrees & Saif, 2015). Effective communication would also serve to enhance organizational performance by ensuring strong teamwork and by helping employees become customer ambassadors (Uddin et al, 2013).

Finally, management styles followed in an organization have been directly related to performance improvement. Just like communication strategies that might be followed by an organization, management styles are the direct resultant of culture hosted by an organization. Culture and inherent values of an organization tend to define the extent to which employees might feel comfortable in interacting with their managers (Liden et al, 2014). Culture of an organization also tends to define if leaders allow employees to work in an autonomous manner or provide step by step instructions. Management styles are directly related to employee productivity and the extent to which they participate in enhancing productivity of an organization (Hogan & Coote, 2014). Therefore, it is necessary to work on and streamline leadership styles so as to enhance productivity. It is necessary to ensure that leadership styles followed in an organization are consistent and progressive in nature so as to be able to demonstrate a constant improvement in performance (Tomic et al, 2016).

Conclusion
In summary, this section indicated that culture refers to a unique system of shared beliefs, values and attitudes that tend to govern the manner in which individuals behave in organizations. This was followed by outlining characteristics of culture. These included innovation, fairness orientation, teamwork, achievement orientation, competitiveness orientation, attention to detail and stability. Three main hypotheses that are commonly utilized in literature while trying to expand on the relationship between organizational performance and

culture were elaborated on. Finally, the manner in which different aspects of culture might be deployed so as to facilitate performance improvement has been discussed.